

**RULES
OF
THE TENNESSEE HEALTH FACILITIES COMMISSION**

**CHAPTER 0720—4
CERTIFICATE OF NEED PROGRAM—GENERAL CRITERIA**

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0720—4—.01 General Criteria for Certification of Need

0720—4—.01 GENERAL CRITERIA FOR CERTIFICATE OF NEED. The Commission will consider the following general criteria in determining whether an application for a certificate of need should be granted:”

- (1) Need. The health care needed in the area to be served may be evaluated upon the following factors;
 - (a) The relationship of the proposal to any existing applicable plans;
 - (b) The population served by the proposal;
 - (c) The existing or certified services or institutions in the area;
 - (d) The reasonableness of the service area;
 - (e) The special needs of the service area population, including the accessibility to consumers, particularly women, racial and ethnic minorities, and low-income groups;
 - (f) Comparison of utilization/occupancy trends and services offered by other area providers;
 - (g) The extent to which Medicare, Medicaid, and medically indigent patients will be served by the project.
- (2) Economic Factors. The probability that the proposal can be economically accomplished and maintained may be evaluated upon the following factors.
 - (a) Whether adequate funds are available to the applicant to complete the project;
 - (b) The reasonableness of the proposed project costs;
 - (c) Anticipated revenue from the proposed project and the impact on existing patient charges;
 - (d) Participation in state/federal revenue programs;
 - (e) Alternatives considered; and
 - (f) The availability of less costly or more effective alternative methods of providing the benefits intended by the proposal.
- (3) Contribution to the Orderly Development of Adequate and Effective Healthcare Facilities and/or Services. The contribution which the proposed project will make to the orderly development of an adequate and effective health care system may be evaluated upon the following factors:
 - (a) The relationship of the proposal to the existing health care system (for example: transfer agreements, contractual agreements for health services, affiliation of the project with health professional schools);
 - (b) The positive or negative effects attributed to duplication or competition;
 - (c) The availability and accessibility of human resources required by the proposal, including consumers and related providers;

(Rule 0720—4—.01 Continued)

- (d) The quality of the proposed project in relation to applicable governmental or professional standards.
- (4) Applications for Change of Site. When considering a certificate of need application which is limited to a request for a change of site for a proposed new health care institution, the Commission may consider, in addition to the foregoing factors, the following factors:
 - (a) Need. The applicant should show the proposed new site will serve the health care needs in the area to be served a least as well as the original site. The applicant should show that there is some significant legal, financial, or practical need to change the proposed new site.
 - (b) Economic factors. The applicant should show that the proposed new site would be at least as economically beneficial to the population to be served as the original site.
 - (c) Contribution to the orderly development of health care facilities and/or services. The applicant should address any potential delays that would be caused by the proposed change of site, and show that any such delays are outweighed by the benefit that will be gained from the change of site by the population to be served.

Authority: T.C.A. §§68—11—105(2) (as amended, P.C. 120, Acts of 1993, Section 3); 68—11—108(b) (as amended, P.C.120, Acts of 1993, Section 6); 4—5—202. **Administrative History:** (For history prior to October, 1987, see page 1). Repeal and new rule filed September 15, 1987, effective October 30, 1987. Amendment filed November 16, 1993; effective January 30, 1994.